June 30, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

FINAL STATUS REPORT ON DEPARTMENT OVERTIME AS RECOMMENDED IN THE AUDITOR-CONTROLLER'S DECEMBER 2003 REPORT

The purpose of this correspondence is to provide you with a final status regarding the overtime related recommendations referenced in the December 2003 *Study of the Los Angeles County Sheriff's Department Budget Process and Performance,* prepared by Thompson, Cobb, Bazilio & Associates, PC (TCBA).

As you may recall, the Auditor-Controller retained two consulting firms, TCBA and Altmayer Consulting, Inc., to review the County's budget practices related to the Sheriff's Department. In May 2003, the consultants issued their interim report; on December 15, 2003, their final report was submitted to your Board. In that final report, the consultants referenced two recommendations related to the Sheriff's Department's overtime management and budgeting.

On January 13, 2004, at the request of Supervisor Antonovich, the Department submitted the first status report referencing the overtime issue. This is the final status report to conclude our analysis.

Recommendation 3 - Los Angeles Sheriff's Department (LASD) should consider developing a model for accurately projecting the Department's overtime resource needs.

Status: Completed. As mentioned in our January 13, 2004, status report, the Department had just formed an Overtime Committee to address two recommendations. The Committee consisted of 21 members, representative of every Department division,

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and was designed to reflect a cross section of employees, from administrative aides through the executive level (refer to attached membership roster).

The Committee met on eight occasions and had extensive discussions on the Department's policies and procedures concerning the tracking of overtime. All were in agreement that in order to more accurately project overtime resource needs, a mechanism was needed in which to give management a better understanding of current expenditures, including the differentiation between reimbursed, e.g., contracts, grants, etc., and non-reimbursed overtime (refer to Recommendation 4 of the TCBA Study).

The Committee determined that a new overtime coding method was required, when entering data into the Countywide Timekeeping and Payroll Personnel System (CWTAPPS), to properly identify reimbursed overtime and the funding sources. Additionally, in order to prevent errors resulting in inaccurate reporting, overtime tracking would be relegated to a more centralized operation.

Currently, the Committee members are revising the necessary Department policies and procedures and the Auditor-Controller has graciously accepted the Department's request to have the applicable CWTAPPS data field reprogrammed to accept the new overtime coding format. It is anticipated that the new overtime tracking and monitoring program will be fully implemented in July 2004 (refer to the attached draft memorandum from Undersheriff William T. Stonich to all unit commanders).

Recommendation 4 - LASD, in coordination with the Chief Administrative Office (CAO), should consider budgeting and tracking reimbursed overtime expenditures incurred in providing services to contract events, or in meeting grant requirements, separately from other overtime. The budget amounts for reimbursed overtime should be flexible to not discourage the use of this overtime.

Status: Completed. As mentioned in our January 13, 2004, status report, the Department's final expended amount of overtime was not bifurcated into reimbursed and non-reimbursed categories in Countywide Accounting and Purchasing System (CAPS) records. However, the new procedures we are implementing, as referenced in the Recommendation 3 Status, will permit us to obtain fairly accurate figures vis-à-vis CWTAPPS. Additionally, representatives from my executive staff and the Chief Administrative Officer have established a standing monthly meeting in which we discuss mutual concerns, such as the Department's budget. To date, they have been very productive sessions.

In closing, on March 30, 2004, my staff met with members of the Quality and Productivity Commission to discuss their review of these TCBA recommendations, pursuant to your January 20, 2004, motion. We answered questions and provided Commission members with a detailed package of information outlining the Department's actions to date.

Please feel free to contact me at (323) 526-5000, if you have any questions, or your staff may contact Chief Paul K. Tanaka, Administrative Services Division, at (323) 526-5488.

Sincerely,

LEROY D. BACA
SHERIFF

SHERIFF'S DEPARTMENT OVERTIME COMMITTEE MEMBERS
2003-04 TCBA AUDIT ANALYSIS AND RESPONSE

Chairpersons

Wendy L. Watanabe, Director, Financial Programs Bureau
David A. Walters, Operations Lieutenant, Financial Programs Bureau

Executive Members

Thomas P. Angel, Commander, Field Operations Region III
Jon K. Engebretsen, Commander, Detective Division
Marc L. Klugman, Commander, Correctional Services Division
John E. Radeleff, Commander, Technical Services Division

Contract Law Enforcement Bureau

Edward F. Rogner, Captain
Richard T. Mouwen, Lieutenant
David E. Culver, Supervising Operations Assistant I

Court Services Division

David M. Loomis, Sergeant
Marie Cobbs, Operations Assistant III

Data Systems Bureau

Rene Melendez, Data Systems Supervisor II

Field Operations Regions I

Kimberly J. Saucedo, Senior Employee Services Representative

Field Operations Region II

Terri L. Williams, Lieutenant

Financial Programs Bureau

Glen Dragovich, Assistant Director
Charles W. Porter, Administrative Services Manager III
Joyce C. De La Merced, Administrative Services Manager II
Peter J. Burnstein, Reserve Captain

Leadership and Training Division

Bruce A. Fogarty, Lieutenant
Pamela K. Gardner, Operations Assistant III

Office of Homeland Security

Diane L. Stone, Operations Assistant III

Personnel Administration

Ken L. West, Assistant Director
Dela L. Trujillo, Supervising Administrative Assistant II

SHERIFF'S DEPARTMENT

"A Tradition of Service"

DATE   June 23, 2004

<u>OFFICE CORRESPONDENCE</u>   FILE NO.

FROM: WILLIAM T. STONICH   TO: ALL UNIT COMMANDERS
             UNDERSHERIFF

SUBJECT: **NEW PROCEDURES AND FORMAT FOR OVERTIME CONTROL NUMBERS**

Effective July 1, 2004, the procedures for obtaining overtime control numbers, sometimes referred to a unusual occurrence (UO) numbers, has been changed. Additionally, a new standardized control number format will be instituted.

In December 2003, an audit report of the Department's budgeting practices was prepared by Thompson, Cobb, Bazilio and Associates (TCBA). Several recommendations were made, including two which focused on the Department's need to more accurately project its overtime needs and to separately budget reimbursed and non-reimbursed overtime, so as to not discourage the use of reimbursed overtime.

In January 2004, a Department Overtime Committee, representative of members from all divisions and a myriad of positions, was formed to address these recommendations (refer to attached roster). The Committee's primary mission was to identify a method for accurately tracking reimbursed and non-reimbursed overtime within the Department's technological limitations. This memorandum serves to highlight the new control number procedures as recommended by the Overtime Committee. It is not all encompassing, but outlines those procedures that are of critical importance and strict adherence is a must.

Overtime Control Number Issuance

Unless otherwise specified, Financial Programs Bureau and Contract Law Enforcement Bureau (CLEB) are the only units authorized to issue control numbers during business hours. During non-business hours, if an event requires the immediate issuance of a control number, the Sheriff's Headquarters Bureau Media Section will be contacted, at (323) 526-5541.

NOTE: The issuance of control numbers during non-business hours was the previous responsibility of Emergency Operations Bureau (EOB). They will no longer perform this function, however, all other policies and procedures for notifying EOB remain in effect.

The following table outlines bureau responsibility for assigning the 900 series overtime codes:

OVERTIME CONTROL NUMBER ISSUANCE RESPONSIBILITY			
OVERTIME CODE: TYPE	**FINANCIAL PROGRAMS**	**CONTRACT LAW**	**SHERIFF'S HEADQUARTERS**
901: Non-Reimbursable Event	XXX		
902: Special Event Contract		XXX	
903: Private Entity Contract		XXX	
904: School District Contract		XXX	
905: Reimbursed Court Overtime (New Code)		XXX	
909: Other Reimbursed Event	XXX	XXX	
901: During Non-Business Hours			XXX

These overtime codes shall be requested from the aforementioned bureaus, through your divisional budget representative.

Overtime Control Number Format

In the past, since different bureaus were tasked with assigning overtime control numbers for events under their purview, they accordingly had unique control number formats. For example, EOB would list the overtime code, a sequential number and calendar year identifier, whereas CLEB would have the same with the exception that the station's numeric identifier was used in place of the calendar year. This makes it very difficult to track overtime expenditures entered into the County Wide Timekeeping and Payroll Personnel System (CWTAPPS).

To ensure absolute consistency, the following format was selected by the Department Overtime Committee:

[900 Overtime Code][Fiscal Year Letter Code][4-Digit Event Identification Number]

For example, control number *901R1234* (with no spaces) would represent a non-reimbursed event, occurring in Fiscal Year 2004-05, with the identification number "1234." The control number *909S5678* would represent an other reimbursed event (such as a grant, agreement, etc.), occurring in Fiscal Year 2005-06, with the identification number "5678." The fiscal year letter code was derived from the Countywide Accounting and Purchasing System (CAPS) which uses an identical coding structure (2004-05 is R, 2005-06 is S, 2006-07 is T).

Although control numbers were often formatted in a calendar year format in the past, in order to accurately track reimbursed overtime expenditures on a fiscal year basis, the Department must identify control numbers in this fashion.

This new control number format must be strictly adhered to. Additionally, since part of it includes a letter code to identify the fiscal year, <u>beginning July 1, 2004, a new control number must be obtained every July 1st, even if the event is carried over from one fiscal year to the next, such as with a grant.</u>

NOTE: Because the Trial Court Funding (TCF) contract involves more complex overtime billing practices, the procedures and format for the newly created 905 overtime code are slightly different and will be separately addressed by CLEB staff during TCF training.

909 Overtime Tracking Requirements

The findings of the Department Overtime Committee revealed that there have been many instances of improper or expired overtime control numbers being utilized to identify a funding source, which is unacceptable.

To more accurately monitor code 909 overtime spending, such as with grants and agreements, the attached *909 Billing Form* was created and must be completed on all code 909 control number requests, with the exception of those obtained by CLEB. The *909 Billing Form* will be submitted by the requesting unit to Financial Programs Bureau, Budget Services with a copy of an approved agreement (if applicable). This will be done through the concerned division budget representative.

The creation of the *909 Billing Form* does not modify the existing protocols for obtaining a 909 control number. They will continue to be issued by Financial Programs Bureau or CLEB depending upon the type of event. Specifically, CLEB will assign 909 control numbers for events which have a nexus to their operation, such as contract vacancies. Financial Programs Bureau will issue all other 909 control numbers.

Although this form is being used to facilitate the tracking of reimbursed overtime at a Department-wide level, it is still crucial for individual units to closely monitor their special event overtime expenditures. The spending caps must not be exceeded, and the correct control numbers shall be used and precisely written on Overtime Worked Reports. Unit commanders will be held accountable for the procedures outlined in this memorandum and

must maintain ongoing dialogues with division budget representatives on the statuses of their assigned overtime control numbers.

New Overtime Worked Report and Pending Manual Revision

The Department's Overtime Worked Report (SH-R-251) has not been amended in sixteen years and the Overtime Committee identified some minor changes to be incorporated into the form as a result of these new procedures (copy attached). The finalized version of the SH-R-251 will be electronically converted to an OmniForm format and placed in the *All Forms* section of Microsoft Outlook. Additionally, a second electronic version of the SH-R-251 has been designed by Data Systems Bureau and may be occasionally used by division budget representatives. Specifically, it will permit them to place a permanently affixed control number on the form and e-mail it to the concerned unit, lessening the risk of an incorrect number being written in the SH-R-251's Control Number field.

The Department Printing Manager has made arrangements for the replacement of the SH-R-251 green pads distributed by the Central Supply Warehouse. Units may continue to use the current version of SH-R-251 pads until all supplies are exhausted.

Accompanying this memorandum is a portion of a draft Manual Revision which includes the proposed language for the 900 overtime codes. Pending final approval, this may assist your staff with determining the appropriate code for a special event.

I thank you for the expected cooperation during this control number transition period. These new procedures serve not only to ensure a more accurate methodology for accounting and projecting overtime. By implementing a system to properly categorize the expenditures, the Department is encouraging the use of reimbursed overtime as recommended in the TCBA audit.

Should you have any questions, please feel free to contact Financial Programs Bureau Director Wendy Watanabe, at (323) 526-5232, or your staff may call Joyce De La Merced, at (323) 526-5213.